CITY HALL COUNCIL CHAMBERS
SANTA MARIA, CALIFORNIA
REGULAR MEETING

JUNE 19, 2007

INVOCATION:
Pastor Steve Dastic of Vineyard Christian Fellowship Church gave the invocation.

PLEDGE OF ALLEGIANCE TO THE FLAG:
Councilmember Orach led the pledge of allegiance.

CALL TO ORDER:
Mayor Lavagnino called the Regular Meeting of the City Council to order at 6:30 p.m.

ROLL CALL:
MEMBERS PRESENT
Councilmembers Orach, Patino, Zacarías, and Mayor Lavagnino

MEMBERS ABSENT
Councilmember Trujillo

STAFF MEMBERS PRESENT
City Manager Ness, City Attorney Trujillo, Assistant City Manager Haydon, Director of Administrative Services Snodgrass, Assistant Fire Chief Moreno, Director of Utilities Sweet, Director of Public Works/City Engineer Whitehead, Director of Recreation and Parks Posada, Police Chief Macagni, Director of Community Development Lindsey, City Librarian Pinneli, Grants Administrator Coelho-Hudson, and Chief Deputy City Clerk Perez.

VOLUNTEER OF THE MONTH
Councilmember Orach presented a gift to Roy Daniel, the Recreation and Parks Volunteer of the Month for June 2007, for his volunteer efforts in assisting the crew during turf replacement, grooming the field and restroom maintenance at Elks Field and Hagerman Sports Complex.

PRESENTATION
Roxanne Ventriglia, Chairperson of the Block Grants Advisory Committee, presented outstanding service awards to the 2006-07 CDBG/HOME Subrecipient Agencies in recognition of their outstanding community service and dedication to the Santa Maria community. She also recognized the members of the Block Grants Advisory Committee who were present.

PUBLIC COMMENT
Hinda Beaman spoke about the new services and programs that would be available when the new library opened, especially the children's programs and thanked the City Council for their past, present and future support.

Joan Leon, Santa Maria Community Coalition, announced that the American Association of University Women had joined the Coalition as the 10th group. She also spoke about an article in the Chamber of Commerce Newsletter from the Economic Development Committee.

CONSENT CALENDAR
Councilmember Patino requested Item 3H be pulled for discussion. Councilmember Zacarías requested Items 3E and 3L be pulled for discussion.

Item 3E – Response to Grand Jury Report Regarding Certificates of Participation.
Councilmember Zacarías asked for an explanation of the difference between Certificates of Participation and Revenue Bonds that the Grand Jury referenced in its report.

Director of Administrative Services Snodgrass explained that Revenue Bonds were generally used to finance capital improvements with the revenues being pledged to pay the bond debt. The traditional Certificates of Participation were more of a lease-purchase type of instrument to finance equipment purchases. The City of Santa Maria did not use Certificates of Participation in that way. The City went through a more restrictive process.

Councilmember Zacarías said the Grand Jury was asking the City to be sure that whenever it was securing debt on behalf of the public, it was done in a public way. And the City had been doing that.

Director of Administrative Services Snodgrass replied the City had done that.

Item 3H – Habitat for Humanity Residential Rehabilitation Loan at 212 South Smith Street.
Councilmember Patino stated she wanted to recognize Habitat for Humanity for their efforts.

Item 3L – Integrated Regional Water Management Plan Adoption.
Councilmember Zacarías asked why the Santa Maria River Levee was not listed as a high priority in the Plan.

City Manager Ness explained the document was a regional plan with 28 other water purveyors throughout Santa Barbara County, besides the City of Santa Maria. While the Santa Maria River Levee was one of the most important projects faced by the City, only $200,000 in grant funds were requested through Proposition 50 funding. The guidelines and criteria that apply to Proposition 50 do not appropriately apply to the Levee. Additionally, projects were prioritized on a Countywide basis. All the projects funded by Proposition 50 needed to be completed by the end of next summer, and it is highly improbable that a project to design the fix for the levee would be completed within that timeframe. The $200,000 requested was for design costs, not for the fix. The City was lobbying very hard for $500,000 in federal money for a study of the Levee. Once that study was completed, and only after the study was completed, would the Army Corps of Engineers be in a position to craft a fix.

Councilmember Zacarías asked how often these grant funds would be available.

City Manager Ness stated he understood that Proposition 50 funding was only available on a one-time basis, and there would be no further opportunity to apply for that particular funding. The Utilities Director has stated that the City was setting itself up to compete for Proposition 84 money which was also a bond measure passed by the voters. In addition to the $200,000 for the Levee study, the City was requesting $5 million from Proposition 50 funds for the Waste Water Treatment Plant Expansion Project.

Mayor Lavagnino stated it was his understanding that the Congressional bill for the $500,000 levee study would be up for a vote.

Director of Utilities Sweet announced that the Water and Energy Committee this week was working on appropriations. Congress was originally not going to consider earmarks; however, last week they decided they would consider earmarks. He asked everyone listening to go to the City's website where there was an article on the Levee and a sample email that people could send to their representatives in Congress urging support of the $500,000.

Consent Calendar Items A through L were approved on motion by Councilmember Orach, seconded by Councilmember Patino, and carried on the following vote:

AYES: Councilmembers Orach, Patino, Zacarías, and Mayor Lavagnino
NOES: None
ABSENT: Councilmember Trujillo
ABSTAIN: None

A. ORDINANCES
The reading in full of all ordinances and resolutions was waived. Ordinances on the Consent Calendar were adopted by the same vote cast at the first reading unless City Council indicated otherwise.

B. MINUTES
The Minutes of the Regular City Council Meeting of June 5, 2007, were approved as submitted.

C. WARRANTS
Warrant Nos. 134928 to 135173 in the amount of $14,597,961.30 were ordered ratified subject to having been certified as being in conformity with the budget and having been approved for payment by the Director of Administrative Services. Warrant Nos. 129561, 130412, 130753, 132583, 134453, 134942, and 134952 were canceled.

D. PAYROLL
Payment of payroll was ordered ratified subject to having been certified by the proper Department Heads, as shown on records on file in the Department of Administrative Services and having been approved for payment by the Director of Administrative Services.

E. GRAND JURY REPORT
Council approved the City's response to the Santa Barbara County Grand Jury Report entitled "Certificates of Participation in Public Finances: Is More Scrutiny Needed?" and authorized the Mayor to sign the Council's response and the City Clerk to transmit to the Presiding Judge of the Superior Court and the Grand Jury.

F. PREPAYMENT OF CALPERS CONTRIBUTIONS
Resolution No. 2007-79 was adopted authorizing an interfund advance from the General Fund Capital Projects Fund and the prepayment of fiscal year 2007-08 California Public Employees' Retirement System (CalPERS) contributions.

Resolution No. 2007-79 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, AUTHORIZING AN INTERFUND ADVANCE FROM THE GENERAL FUND CAPITAL PROJECTS FUND AND THE PREPAYMENT OF FISCAL YEAR 2007-08 CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CALPERS) CONTRIBUTION.

G. ANNUAL APPROPRIATION LIMIT
Resolution No. 2007-80 was adopted setting the City's appropriation limit for the fiscal year July 1, 2007, through June 30, 2008.

Resolution No. 2007-80 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, SETTING THE CITY OF SANTA MARIA'S APPROPRIATION LIMIT FOR FISCAL YEAR 2007-08 FOR THE PURPOSES OF COMPLYING WITH PROPOSITION 4, SENATE BILL 1352 AND PROPOSITION 111.

H. RESIDENTIAL REHABILITATION LOAN
Resolution No. 2007-81 was adopted approving a Habitat for Humanity Residential Rehabilitation loan for 212 South Smith Street in the City of Santa Maria.

Resolution No. 2007-81 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING A HABITAT FOR HUMANITY RESIDENTIAL REHABILITATION LOAN IN THE AMOUNT OF $55,100 TO REHABILITATE A RESIDENTIAL STRUCTURE LOCATED AT 212 SOUTH SMITH STREET.

I. ORDINANCE NO. 2007-11
Council conducted the second reading of Ordinance No. 2007-11 changing the zoning designation of property from R-2 (Medium Density Residential) to PD/R-2 (Planned

Development/Medium Density Residential) to allow the construction of 11 single family residences at 580 East Newlove Drive for the Newlove Gardens project by title only and adopted the Ordinance.

Ordinance No. 2007-11 adopted. AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, REZONING 1.01 ACRES OF PROPERTY LOCATED AT 580 EAST NEWLOVE DRIVE, ASSESSOR'S PARCEL NUMBER 128-076-028.

J. NOTICE OF COMPLETION

Council approved the Notice of Contract Completion for Creston Street Sanitary Sewer – Railroad Avenue to Lincoln Street, Bid No. 2007/02 and directed the Chief Deputy City Clerk to record same.

K. SUBDIVISION MAP AND AGREEMENT

Resolution No. 2007-82 was adopted approving a Subdivision Map and Agreement for Harvest Glen Townhomes, Tract 5906, generally located between Blosser Road and Biscayne Street and between Sonya and Carmen Lanes.

Resolution No. 2007-82 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING THE SUBDIVISION MAP AND AGREEMENT FOR HARVEST GLEN TOWNHOMES, TRACT 5906.

L. WATER MANAGEMENT PLAN

Resolution No. 2007-83 was adopted approving the Integrated Regional Water Management Plan (IRWMP) in Santa Barbara County, contingent upon the County Board of Supervisors approving the IRWMP.

Resolution No. 2007-83 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, ADOPTING THE INTEGRATED REGIONAL WATER MANAGEMENT PLAN FOR SANTA BARBARA COUNTY AND AUTHORIZING THE DIRECTOR OF UTILITIES AND ADMINISTRATIVE SERVICES TO EXPEND THE CITY'S PROPORTIONATE SHARE OF THE COSTS ASSOCIATED WITH THE PREPARATION OF A PROPOSITION 50 GRANT APPLICATION FOR ROUND TWO, STEPS ONE AND TWO OF THIS FUNDING.

AMENDMENT TO THE DEVELOPMENT AGREEMENT WITH REGENCY REALTY GROUP, INC., SP-2006-020.

Director of Public Works/City Engineer Whitehead gave the staff report. The City Council is requested to consider an amendment to the Development Agreement with Regency Realty Group, Inc., for the Santa Maria Commons (Regency Centers/Kohl's) Project at the southwest corner of Broadway and McCoy Lane. The original Development Agreement was approved by the City Council on December 19, 2006, which enabled the City to reimburse the developer for the costs related to the portion of the Broadway widening and intersection improvements which were regional improvements and beyond the frontage improvements typically required of new development. The original Development Agreement was for $559,714.64. The amendment is to increase the reimbursement amount to include additional work required by Caltrans after the Development Agreement was approved in the amount of $19,556.35 for a total amount reimbursable to the Developer of $579,270.99. On June 6, 2007, the Planning Commission held a duly advertised public hearing and adopted Resolution No. 2468 on a 5-0 vote recommending the City Council approve the amendment to the Development Agreement.

Mayor Lavagnino opened the public hearing. Hearing no requests to speak, Mayor Lavagnino closed the public hearing.

Councilmember Patino asked if there were any other plans to do the same type of regional improvements, especially widening projects. She said people have commented favorably about this widening.

Director of Public Works/City Engineer Whitehead explained there were other widening projects planned. If the City required a developer to do those regional improvements that were over and above what a developer would normally be required to do, reimbursement was requested through a Development Agreement.

Ordinance No. 2007-12 approving an amendment to the Development Agreement with Regency Realty Group, Inc., for the Santa Maria Commons (Regency Center/Kohl's) project was introduced by title only for first reading and continued to the next meeting for second reading and adoption on motion by Councilmember Orach, seconded by Councilmember Zacarías, and carried on the following vote:

AYES: Councilmembers Orach, Patino, Zacarías, and Mayor Lavagnino
NOES: None
ABSENT: Councilmember Trujillo
ABSTAIN: None

Ordinance No. 2007-12 introduced. AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING AN AMENDMENT TO THE DEVELOPMENT AGREEMENT FOR REGENCY REALTY GROUP, INC., LOCATED AT THE SOUTHWEST CORNER OF BROADWAY AND MCCOY ROAD.

MID-CYCLE BUDGET REPORT

City Manager Ness gave the staff report. Last year the City Council adopted two one-year budgets covering the period from July 1, 2006, to June 30, 2008. At that time, staff indicated it would be necessary to revisit the adopted 2007-08 budget plan during the mid-cycle review period to make appropriate amendments to the budget for unforeseen events and needs. For 2007-08, staff recommends adjustments to both appropriations and revenues. Total proposed appropriations in the general fund are $52,825,910. This is $1,610,650 or approximately 3.1 percent higher than previously adopted. Overall, total proposed Citywide appropriations are $155.1 million. This is $2,736,135 or roughly 1.8 percent more than previously adopted. As for recommended revenues, total proposed revenues in the general fund are $52,850,610. This is $1,841,160 or approximately 3.6 percent higher than previously adopted. Overall, total proposed Citywide revenues are $148.7 million, which is $2,254,535 or roughly 1.5 percent more than previously adopted. The increase in total proposed appropriations in 2007-08 can be largely attributed to: 1) one-time capital costs associated with enterprise/utility-related capital projects; 2) operational costs associated with regulatory compliance requirements at the landfill and waste water treatment plant; 3) previously negotiated salary and benefit increases; and 4) increased staffing in the library in preparation for the opening of the main library. In the non-general fund related funds, about 93 percent of the 2007-08 recommended adjustments are attributed to one-time capital related projects. Provisions for reserves in the general fund are based on projected revenues, expenditures, and capital requirements. Projected reserves in the general fund for the year ending June 30, 2008, are estimated to be 25.4 percent of appropriations and are consistent with the previous year and with previously adopted reserve thresholds. With the six new positions proposed, the total personnel complement of the City would increase to 458 full-time employees bringing the employee to population ratio to 5.07 employees per 1,000 population; still much less than the average 8.99 employees per 1,000 population of other cities in the area.

City Manager Ness also addressed a policy issue requiring Council action. In 1995, the City began using Community Development Block Grant (CDBG) entitlement funds to create an Economic Development Revolving Loan Fund to aide businesses in expanding their operations. Since its inception, 12 loans have been allocated; seven of which have been repaid, three were never executed by the borrowers, and two loans are still outstanding. No loan agreements have been approved since March of 2001. Currently, the fund has a balance of approximately $425,000. This fund is in addition to the $1 million Business Retention and Attraction Revolving Loan Fund that Council created in January 2005 for use by the Chamber of Commerce to attract new industry to the City and retain existing businesses. In February, the first loan under this program was approved for $74,650. Consequently, these two combined funds provide the City with approximately $1,350,000 in economic development-related revolving loan funds.

The policy question for the Council is whether the unused Economic Development Revolving Loan Fund in the amount of $425,000 should be reprogrammed to the Library Construction Project to help bridge the financial gap of the anticipated project budget. The total project cost for the new public library is in excess of $33.1 million, with identified revenues of approximately $29.6 million, resulting in a project deficit of approximately $3.5 million. To date, fundraising efforts have totaled over $200,000, leaving a budget shortfall of S3.3 million. The Library Construction project has already received CDBG-related financing by way of four annual contributions of $500,000 dating back to 2003-04. Since the project has already been approved for CDBG funding, the only requirement to approve the reprogramming of the S425,000 would be an amendment to the current Annual CDBG Action Plan.

Mayor Lavagnino asked how many additional employees would need to be hired by the City to reach the 9 employees per 1,000 population average of other cities.

Assistant City Manager Haydon replied 354 additional employees would need to be hired at an on-going cost of $34.5 million.

Mayor Lavagnino congratulated City Manager Ness, the Department Directors, and all the City employees for providing such excellent service to the residents of Santa Maria while keeping costs down.

Councilmember Patino asked how much the contribution proposed to be made toward the new SART facility at Marian West was and where that money would come from.

Assistant City Manager Haydon explained that it was $13,500 and would come from the General Fund as an amendment to the Police Department budget.

Councilmember Patino asked what it would be used for.

Assistant City Manager Haydon replied it would be for operational costs.

Councilmember Patino asked if the County had contributed any funding toward the new facility as she wanted to make sure the County contributed as they do in Lompoc and Santa Barbara.

City Manager Ness stated he was not aware of any other contributions.

Councilmember Orach mentioned there was $750,000 proposed in the budget to drill monitoring wells at Los Flores Ranch in order to prepare an Environmental Impact Report for the new landfill. He said the public didn't understand how much money was involved in doing these types of things to make the community what it is.

Councilmember Zacarías said she was very pleased to see the City making a contribution to the SART and indicated there was a concerted effort in the community to do fundraising for the facility as well.

Mayor Lavagnino suggested the Council take action on the policy issue of the transfer of the $425,000 from the CDBG Economic Development Fund to the new library first.

Councilmember Zacarías asked if that policy issue needed to be approved by resolution since it was regarding CDBG funds. She said there was no stated action on the agenda for that policy issue.

City Attorney Trujillo replied it was appropriate to take action by Minute Motion, or the Council could amend the attached resolution approving amendments to the budget to include that. He said the important thing was to give the public the opportunity to comment on it and to provide direction to staff.

City Manager Ness indicated that staff would be bringing another policy issue to the Council on July 17th which also involved CDBG funds, and both issues could be

approved by resolution at that time and incorporated as changes into the Annual CDBG Action Plan.

Councilmember Zacarías moved to direct staff to prepare a resolution to transfer $425,000 from CDBG Economic Development funds to the Library Construction project for Council consideration at the July 17th City Council meeting. Councilmember Orach seconded the motion. The motion carried on the following vote:

AYES: Councilmembers Orach, Patino, Zacarías, and Mayor Lavagnino
NOES: None
ABSENT: Councilmember Trujillo
ABSTAIN: None

Resolution No. 2007-84 approving amendments to the 2007-08 budget was adopted on motion by Councilmember Orach, seconded by Councilmember Patino, and carried on the following vote:

AYES: Councilmembers Orach, Patino, Zacarías, and Mayor Lavagnino
NOES: None
ABSENT: Councilmember Trujillo
ABSTAIN: None

Resolution No. 2007-84 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, AMENDING THE BUDGET FOR FISCAL YEAR 2007-08 AND DELEGATING THE CITY MANAGER TO IMPLEMENT SAME.

CITY MANAGER'S REPORT

City Manager Ness thanked the Council for its continued support and commended the Department Directors and especially the Assistant City Manager and Director of Administrative Services for their work on the Mid-Cycle Budget Report.

City Manager Ness reported on items for the July 3, 2007, City Council meeting including an updated presentation on the Santa Maria River Levee; public hearings regarding suspension of solid waste collection and landfill rate increases, water and sewer rate increases, and a TEFRA hearing for the Vizcaya Apartments; also the Daytime Anti-Loitering Ordinance extension would be coming back as directed by Council.

City Manager Ness announced that the City had revised its web site which now was much more user friendly and contained more information.

ORAL REPORTS BY COUNCILMEMBERS

Councilmember Patino requested members of the public call in or email questions they had on the water and sewer rate increases before the next meeting so that staff could answer those questions.

Councilmember Patino reported on the Fighting Back Santa Maria Valley Comedy Night on June 12th at the Santa Maria Country Club, the Trade Show on June 14th, and an art display at the County Government Center on the California Missions.

Mayor Lavagnino wished his daughter, Laurie, happy birthday and congratulated his grandson who graduated from UCLA on Saturday with a degree in Chemistry.

Councilmember Zacarías thanked all the CDBG recipient organizations who work hard all year for the community. She also reported that one of the local radio stations organized a Mariachi Festival at the Ethel Pope Auditorium on Father's Day which they hoped to make an annual event. She announced that she would be out of the country and would miss the July 3rd City Council meeting.

Councilmember Orach announced that Penny Leach, who served for 12 years on LAFCO, passed away last Friday. Yesterday, Bernie Stableford, who was going to be Chairperson of LAFCO this year, passed away.

CLOSED SESSION
Council recessed to Closed Session at 7:55 p.m. for Conference with Labor Negotiator pursuant to Section 54957.6 of the Government Code; Agency representative: Assistant City Manager; Employee organization: Santa Maria Police Officers Association (SMPOA).

After the Closed Session, the following was announced:

Conference with Labor Negotiator: SMPOA – Direction to staff was given.

ADJOURNMENT
There being no further business to come before the City Council at this time, Mayor Lavagnino declared the meeting adjourned at 8:15 p.m. in honor of the nine firefighters killed in a fire in Charleston, South Carolina on Monday.

APPROVED

7-3-07
Date

Chief Deputy City Clerk of the City of Santa Maria and ex officio Clerk of the City Council

ATTEST

Chief Deputy City Clerk

Mayor of the City of Santa Maria